

# FINANCE

## NEWSLETTER



NOVEMBER - DECEMBER 2013

KENTUCKY DEPARTMENT OF EDUCATION

### IMPORTANT: New Error Checks for Audited Balance Sheet Submission

There are two new error checks at the end of the Balance Sheet submission. Error check 12.00 is for Audited AFR Balance Sheet Funds 310 and 320.

This error will check fund balance object codes used in Funds 310 and 320 for odd and even years, and only the ones listed in the [Fiscal Year End Processing \(BGL-2\)](#) will be accepted in the submission. Please see pages 31-32 of the [BGL-2](#) for full details.

Error check 13.00 is related to the Balance Sheet Submission. This error check is for fund balance object codes in Fund 360. Since Fund 360 is a restricted fund, the only balance object codes that may be used are 8723 (Prepays), 8727 (Other Prepays) and 873X (Restricted). Any other fund balance object code must have a balance equal to zero.

### Federal Reimbursement of Health Benefits Timeline and District Contact

The Kentucky Department of Education's Division of District Support (DDS) would like to remind districts that the Federal Reimbursement of Health Benefits files and payments (<http://education.ky.gov/districts/FinRept/Pages/Federal-Reimbursement-of-Health-Benefits.aspx>) are due to the division after districts run their end-of-the-month payroll.

Districts will be considered late if their files and payments are not received within 30 days after their last end-of-the-month payroll. At that time, DDS staff will begin communicating with districts' Federal Reimbursement of Health Benefits contact(s) regarding the outstanding files and payments for the previous month's premiums.

District finance officers are encouraged to review and update their districts' Federal Reimbursement of Health Benefits contact(s) annually to ensure that the outstanding file and payment notifications are sent

to the appropriate district personnel promptly. Finance officers are being asked to update the districts' Federal Reimbursement of Health Benefits contact(s).

DDS recommends that districts list at least one contact and one backup contact. District contacts should be the person(s) who generates and uploads the Federal Reimbursement files and who initiates the Federal Reimbursement payments.

The backup district contact can be the finance officer. Please provide the following information:

- district contact's and backup contact's first and last names
- district contact's and backup contact's telephone numbers and extensions
- district contact's and backup contact's e-mail addresses

Please e-mail the requested information to Gail Cox at [gail.cox@education.ky.gov](mailto:gail.cox@education.ky.gov) and Melissa Sullivan at [melissa.sullivan@education.ky.gov](mailto:melissa.sullivan@education.ky.gov).

### Follow Capital Funds Requests Instructions

Districts should complete the FY2014 Capital Funds Request (CFR) form according to the CFR instructions at <http://education.ky.gov/districts/FinRept/Pages/Capital-Funds-Request.aspx>.

When submitting a CFR to the Kentucky Department of Education, please include the amount of federal interest rebates and documentation of the amount.

The district's fiscal agent can provide this information.

Please obtain approval from the School Facilities Construction

Commission (SFCC) if your district plans to use Capital Outlay Fund or Building Fund carryover amounts from FY2013, and include the SFCC approval e-mail with the CFR.

Robert Tarvin has retired from the SFCC, so please contact Lisa Collins at SFCC at [lisad.collins@ky.gov](mailto:lisad.collins@ky.gov) for approval. Tim Lucas at [tim.lucas@education.ky.gov](mailto:tim.lucas@education.ky.gov) and questions relating to the financial review to Ken Smith at [ken.smith@education.ky.gov](mailto:ken.smith@education.ky.gov) or Debbie Landrum at [deborah.landrum@education.ky.gov](mailto:deborah.landrum@education.ky.gov) or (502) 564-3846.

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# Audited Annual Financial Report (AFR) Submission

The fiscal year 2012-2013 **audited** AFRs are due at the Kentucky Department of Education (KDE) on or before **Nov. 15**. Please remember that the FY2013 on-behalf payments are required to be recorded in the districts' audited AFRs prior to submission to KDE. Please refer to the FY 2013 on-behalf payments information at <http://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx>.

Districts will submit Audited AFRs electronically through the Web-submission process, the same as last year's submission process. The submission application will be open Nov. 1-15 and will allow only one submission from each district. The link for submitting AFRs is <https://odss.education.ky.gov/webforms/>.

For additional help, please click the "+" beside the "Title: General Ledger & Statewide Reports" at <http://education.ky.gov/districts/Pages/MUNIS-Guides.aspx> and select *MUNIS Annual Financial Report Guide STW GL 2* or *Audited AFR Submission Guide*.

Also, districts must submit the original signed **Statement of Certification** to KDE on or before **Nov. 15**. This statement certifies that all audit adjustments have been entered into MUNIS, and the Annual Financial Report and Balance Sheet submitted to KDE are in agreement with the audit report.

The Statement of Certification is inside the *Audit Contract Information for FY2012-2013* package at <http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx>

If you have any questions related to audited AFRs, please contact the Division of District Support by sending an e-mail to [finance.reports@education.ky.gov](mailto:finance.reports@education.ky.gov). The subject line should read "Audited AFR - (insert district name)."

## ALERT: SFCC Funding for Bond Payments

There is a check box at the beginning of the Audited Annual Financial Reports (AFRs) submission for Error Check 17.00. Use the check box prior to submission to bypass the On Behalf Revenues and Expenditures error. You will need to check the box if you had no School Facilities Construction Commission (SFCC) funding for bond payments. When you check the box, your fund 400 will be reviewed to see if there is a revenue object code of 3900 with year to date (YTD) actual greater than zero. If there is a balance, you will not be allowed to submit the audited AFR until both the revenue and expenditures are recorded. This will be a note in the 2014 Unaudited AFR.

## Pass-through Numbers and District Payment Registers

Office of Management and Budget (OMB) Circular A-133 requires a Schedule of Expenditures of Federal Awards (SEFA) be presented as part of each school district's audited financial statements. For each federal award, the SEFA must include the pass-through number assigned by the pass-through entity.

If KDE is the pass-through entity for the federal grant/program, then the district's FY2013 financial audit report should reflect the program code and grant year assigned by KDE and recorded on the district's payment registers as the program's pass-through number on the Schedule of Expenditures of Federal Awards. Districts' payment registers can be found at <http://education.ky.gov/districts/FinRept/Pages/District-Payment-Registers.aspx>.

If the Kentucky Department of Agriculture is the pass-through entity, please confirm the program's pass-through number with that department. If the Kentucky Department of Agriculture did not assign a pass-through number(s) for the federal grant/program, then the SEFA should reflect "N/A," "not provided" or "\*" in the Pass-Through Grantor's Number section, and there should be a note disclosure in the Notes to the SEFA stating that the pass-through number(s) for the federal grant/program was not available or provided for the SEFA.

## Affordable Care Act (ACA) Training

KDE presented a live webinar regarding the [Affordable Care Act Implementation Guide for Kentucky School Districts](http://education.ky.gov/districts/FinRept/Pages/Health-and-Life-Insurance-Benefits-and-Flexible-Spending-Accounts.aspx) on Oct. 29. Use this link to view the recording of the webinar and the Q&A: <http://mediaportal.education.ky.gov/finance/2013/10/affordable-care-act-implementation-issues-for-kentucky-districts/>.

The implementation guide and other ACA resources are available at <http://education.ky.gov/districts/FinRept/Pages/Health-and-Life-Insurance-Benefits-and-Flexible-Spending-Accounts.aspx>.

Questions regarding ACA may be directed to Melissa Sullivan at [melissa.sullivan@education.ky.gov](mailto:melissa.sullivan@education.ky.gov) or (502) 564-3846, ext. 4415, or Susan Barkley at [susan.barkley@education.ky.gov](mailto:susan.barkley@education.ky.gov) or (502) 564-3930, ext. 4437.

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